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Dear neighbors,

Spring, 2002

On March 14, the Legislature of the State of Washington adjourned on time as scheduled. That brought to a close a very difficult session.

As you know, Washington state is still working to pull out of the recession. We're beginning to see signs of improvement, but indications are that recovery may occur more slowly here than in the rest of the nation. That includes our economy in Eastern Washington.

This 2002 legislative session wrap-up newsletter is intended to inform you of some of the things accomplished this session in Olympia. Certain transportation issues will be decided by you, the voters, in November. I hope you'll share these issues with your family, and discuss them with friends and neighbors.

I look forward to hearing your comments and questions. Please feel free to contact me by phone at 1-800-562-1000, or by e-mail at mccaslin_bo@leg.wa.gov. You can also send mail to P.O. Box 40404, Olympia, WA 98504-0404.

I was proud once again this session to represent the people of the 4th District. It continues to be an honor to serve you.

Sincerely,

Senator Bob McCaslin

On the inside:

- ✓ Transportation — the plan overview.
- ✓ Budget Decisions — do we have a second chance?
- ✓ Spokane gets additional District Court judge
- ✓ Fight against "death tax" fails
- ✓ Business competitiveness bills fail

Transportation

This session the Legislature passed a plan to address some of our state's many traffic problems. Two funding plans were passed, but both will require a vote of the people for final passage. I know there are some who feel we should have passed a funding plan in Olympia without sending it to the voters. I don't feel that would have been a prudent decision.

The political reality in Washington state is that voters have clearly demanded a decision-making role when it comes to their taxes. Recent initiatives to repeal the car-tax, reduce property tax rates and increase teacher salaries are proof of that. If we had passed a plan in Olympia, and it was repealed by a voter initiative, then we'd be back to square one. That's why I voted to send the statewide transportation package to the ballot.



Plan overview:

The statewide transportation funding plan that will appear on the November ballot would raise \$7.830 billion over ten years. The compromise plan agreed upon by the Legislature and passed on to the voters would raise that money in a number of different ways:

- ⇒ **A 9-cent gas tax increase.**
 - The increase would be phased in with 5 cents being added the first year, and 4 cents added in the second year. These funds would be dedicated toward highways and roads.
- ⇒ **A 1 percent sales tax increase on new and used vehicles.**
 - Funds raised through the sales tax increase would be dedicated to transit, passenger-only ferries and rail projects. It would begin immediately after passage of the transportation plan.
- ⇒ **A gross weight fee increase of 30 percent.**
 - This fee increase would apply to trucks that weigh more than 10,000 lbs. 15 percent of the increase would take effect in the first year, 15 percent in the second year.
- ⇒ **\$4.6 billion in bonds.**

How much will it cost me?

Most Eastern Washington residents would pay the bulk of their share through the 9-cent hike in the gas tax. But how much will that cost the average driver? If you fill up a 15-gallon tank once a week, you'd pay an additional \$70 a year once the full 9-cent tax is phased in. For a two-car family that means an increase of about \$140 dollars per year.

What does that money go toward?

The bulk of the money raised would go toward building roads all across the state. The biggest projects are in Western Washington, including an expansion of Interstate 405, Interstate 90 and Interstate 5. State Route 167 and 509 would also be expanded.

In Eastern Washington the list includes some projects in the 4th District. They include funding to begin construction of the North-South Spokane freeway and an expansion of Interstate 90 from Argonne to Sullivan.

Throughout the coming months you will surely learn more about the details of the transportation package that will appear on the November ballot. I encourage you to take the time to learn more about the package you will be voting on, so you can make an informed decision when you cast your vote.

Spokane gets additional District Court judge

This session I sponsored Senate Bill 6596, which increases the number of district court judges in Spokane County. Through the passage of the bill, which has been signed into law, Spokane County will now have "10" judges instead of "9." I felt this was important to our court system in Spokane County because of the heavy caseloads our judges are currently burdened with. An increase in meth-related cases has contributed to growing caseloads. An additional judge should help the court system handle those increased caseloads. There will be no additional state expense for this position.



Fight against "death tax" falls short

In the Senate this session, we had a chance to take steps toward eliminating the state estate tax. Unfortunately, that didn't happen so for the first time in 20 years, Washington will have a "death tax."

For the last two decades, the Legislature has followed the will of the people after the passage of Initiative 402 in 1981. That initiative eliminated the state inheritance tax, and tied the estate tax to the amount of federal credit given to states. Through the years, the Legislature continued this policy of adhering to the federal standard.

In June of 2001, Congress enacted a phase-out of the federal credit that would eliminate the state tax, assuming we continue our policy of tying the tax to the federal level. But unfortunately, the Legislature failed to pass legislation to continue that policy.

As a result, because we will no longer conform to federal law, Washington will have a "death tax" for the first time in 20 years. Our failure to keep up with federal law will result in more tax liability for estate owners, and is a departure from the voters' presumed intent in approving Initiative 402. I feel this issue is an important one we are likely to fight for again next session.

Budget decisions

Besides transportation, the budget crisis in Washington dominated the discussions in Olympia this session. Faced with a \$1.6 billion deficit in the state budget, Democrat budget writers made some decisions that I feel will create great harm in the next few years. I believe we have a spending problem, not a deficit problem. That's why I voted no when the budget came up for passage in the Senate.



The supplemental budget passed in Olympia this session continues a bad habit of spending more money than the state is taking in. The current budget now spends \$1.4 billion more than the state will receive in revenues. This was done by spending more of our emergency reserves, using one-time funding transfers and by "securitizing" (selling) a portion of our tobacco settlement revenue stream. These are one-time revenue sources that we won't have next session. As a result, we're faced with a \$1 billion shortfall when we enter the 2003-05 biennium.

So what could have been done to fix this? While budget writers were faced with some tough choices, I don't feel enough was done to make cuts in Olympia. There are many areas in the budget that could be cut without hurting vulnerable citizens that genuinely need assistance from the state. Senate Republicans presented roughly \$1.5 billion in options that could have made the budget more sustainable for the future. Unfortunately, most of those options weren't even considered.

There still is the possibility that we may get a second chance to make some of these fixes. Should we experience another revenue downturn in June, legislators may be forced back to Olympia, as the current budget wouldn't have enough money in it to handle another shortfall. Hopefully at that time some of our ideas could be considered once again. Some of those ideas include:

- Implementing the state auditor's findings regarding the Basic Health Plan. Those findings showed thousands of people fraudulently using the plan. Removing them from the plan would make room for people who need health care but are currently stuck on the waiting list, while saving the state \$100 million.
- Further cut travel costs, equipment purchases, and miscellaneous spending. These costs have risen five to nine times the rate of inflation over the past five years. The 3 percent cut in the supplemental budget wasn't enough. Further cuts could save \$200 million. This is the "fat" people talk about with state government.
- Implement a more substantial hiring freeze on nonessential positions. Most state agencies are still hiring more employees. Shortly after the session ended, there were still over two dozen mid-management jobs listed on the Department of Personnel web site. State government shouldn't fill these positions while we're in a recession. A deeper hiring freeze could save another \$100 million.

Ideas like these should be considered to help make the budget more sustainable in the future. We can't afford to continue spending more money than we take in. If that trend continues, we're looking at huge tax increases in the near future, something no one wants. I hope we can correct this way of thinking before next session.

Business competitiveness bills fail

During the past few years, we in the Legislature have been hearing some troubling themes relating to the business climate in the state of Washington. Specifically, we've been hearing this isn't a good place to do business. That problem became more apparent after Boeing announced the move of its corporate headquarters out of state to Chicago.

In response to this, Senate Republicans traveled around the state last summer, holding meetings with small businessmen and women to hear what Washington needs to do to remain competitive. From those meetings, legislation was created to address some of these concerns. The legislation included provisions requiring the governor to approve new agency rules, requirements for government agencies to alert businesses to new rules, and a change in the burden of proof when rules are challenged in court. All of the bills were designed to make the business climate in Washington a more predictable and accountable one when dealing with government.

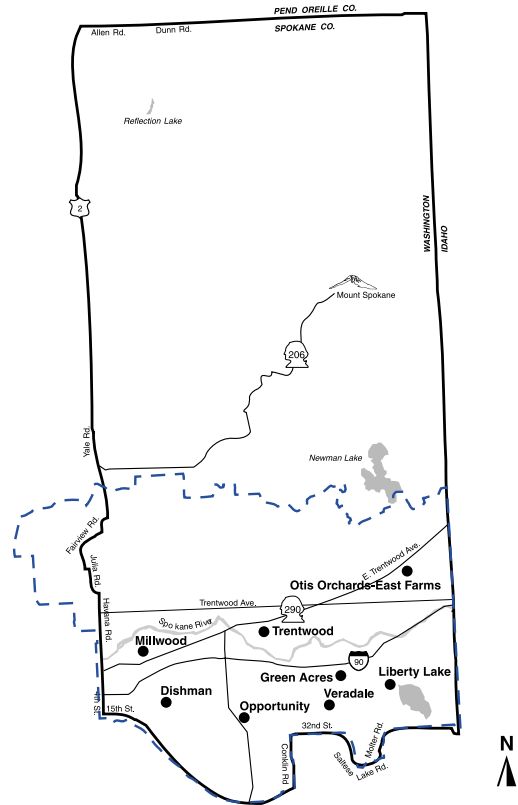
Despite the urgings of Gov. Locke's own Competitiveness Council, which recommended similar proposals, the package of bills aimed to make Washington a better place for businesses failed in the House of Representatives after passing the Senate. As a result, our goal of more family-wage jobs fell short for this year. We will continue to address this issue next session.

4th Legislative District

Due to the 2000 Census data, the Redistricting Commission has redrawn state legislative districts to better equalize the population per district throughout the state. After local hearings and input from the public, District 4 has been redrawn to include about 800 more people. Population growth in and around the 4th District influenced this decision. The new area extends north to the Spokane-Pend Oreille county border. Legislation ratifying the Commission's proposal passed on December 16, 2001. The new district lines take effect for the November 2002 election. For more information, visit the website: www.redistricting.wa.gov.

Old Boundary: - - - - -

New Boundary: —————



2002 Legislative Update